

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7097

BILL NUMBER: HB 1258

DATE PREPARED: Feb 6, 2002

BILL AMENDED: Feb 5, 2002

SUBJECT: Health Facility Reimbursement.

FISCAL ANALYST: Kathy Norris

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FUNDS AFFECTED: X

X

X

GENERAL

DEDICATED

FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill authorizes the collection of a licensing fee of \$4 from each health facility for each patient day. The bill provides that money collected from the fee shall be used for the state Medicaid program.

Effective Date: (Amended) Upon passage.

Explanation of State Expenditures: (Revised) *Summary:* This bill would provide total annual revenue of \$62.68 M from the bed fee assessment for two years. The bill provides that money collected from the fee shall be used for Medicaid expenditures. It does not allocate any portion of the fees to any specific provider group. The bill would also require the Veterans' Home expenditures be increased by an estimated \$0.4 M to provide for the payment of the bed fee assessment.

Nursing Facility License Fee: This bill would authorize a \$4 per patient day nursing facility license fee for all nursing home beds in the state. The bill appropriates the proceeds of the licensing fee to pay for services under the state Medicaid program. If the funds generated by the fee cannot be used to draw federal matching funds, the authority to assess the fee is revoked. The Office of Medicaid Policy and Planning (OMPP) estimates that the license fee would generate a total of \$62.68 M, including \$3.08 M from non-Medicaid nursing facilities. If OMPP were to adopt rules to allow the Medicaid certified nursing facilities to include the fee as an allowable cost, the net gain to the Medicaid program would be about \$47.3 M. However, there is no requirement that OMPP include the fee as an allowable cost.

Impact on the State Veterans' Home: The Veterans' Home is licensed by the State Department of Health for 350 comprehensive care facility beds and 105 residential beds. The Veterans' Home would fall under the definition of facilities required to pay the general bed licensing fee. It is estimated that this would result in increased annual expenditures for the Veterans' Home of approximately \$400,000 in state General Funds. The Veterans' Home is not a Medicaid-certified facility.

Explanation of State Revenues: Medicaid is a federal- and state-funded entitlement program. For every dollar spent

on qualifying services in Indiana, the federal program reimburses the state about 62%.

Explanation of Local Expenditures: (Revised) There are currently six county-owned nursing facilities participating in the Medicaid program that would be subject to the Nursing Facility License Fee.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning; State Department of Health, State Veterans' Home.

Local Agencies Affected: County-owned nursing facilities.

Information Sources: Amy Brown, Legislative Liaison for the Family and Social Services Administration, (317) 232-1149; Evelyn Murphy, Director, Long-Term Care Program, OMPP: *Combined Medicaid & CHIP Incurred Claim Budget Forecast for the 2002-2003 Biennium*, December 19, 2001., and the *Medicaid Balanced Budget Plan*, January 4, 2002., Office of Medicaid Policy and Planning; Kris Knerr, Myers and Stauffer, 846-9521; Steve Albrecht, Indiana Health Care Association, 636-6406.